



**PROTOCOL  
TO AMEND THE BASIC AGREEMENT  
ON THE  
ASEAN INDUSTRIAL COOPERATION SCHEME**

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Vietnam, Member States of the Association of South East Asian Nations (ASEAN);

**RECALLING** the Basic Agreement on the ASEAN Industrial Cooperation (AICO) Scheme signed on 27 April 1996 in Singapore, hereinafter referred to as "the Agreement" which aims to provide the guidelines and institutional framework within which the ASEAN private sector may collaborate on the basis of mutual and equitable benefits for the ASEAN Member Countries and increased industrial production for the region as a whole;

**ACKNOWLEDGING** with satisfaction that the AICO Scheme has met its set objectives;

**NOTING** also that Article 1 of the Protocol to Amend the Agreement on the CEPT Scheme for the AFTA for the Elimination of Import Duties signed on 31<sup>st</sup> January 2003 amended the final CEPT rate to zero percent (0%);

**RECALLING** the decision of the ASEAN Economic Meetings Retreat in Genting Highland, Malaysia in July 2002 to maintain the relevance of the AICO Scheme beyond 2002 and to work towards setting the AICO rate at zero percent (0%);

**..RECALLING** the decision of the 34th Meeting of the ASEAN Economic Ministers (AEM) held on 12 September 2002 in Bandar Seri Begawan, Brunei Darussalam to amend the preferential tariff rates applicable to participating countries on the AICO Scheme;

**RECOGNISING** the need to update the Agreement to maintain its continued relevance beyond 2002;

**NOTING** that Article 13 of the Agreement provides for amendments to it;

**HAVE AGREED AS FOLLOWS:**

## ARTICLE 1

Article 1 (Definitions) of the Agreement shall be amended by substituting Article 1(6), with the following :

"6. "Preferential Tariff Rate" shall mean the advanced final CEPT rate fixed by Participating Countries at 0% as provided for by the Protocol to Amend the Agreement on the CEPT Scheme for the AFTA for the Elimination of Import Duty. This definition shall be read together with Article 2(4) of the Agreement agreed upon in this Protocol and Article 4 of the Agreement."

## ARTICLE 2

Article 2 (General Provisions) of the Agreement shall be amended as follows :

(a) by inserting a new Article 2(4) after existing Article 2(3) as follows :

"4. In the case of AICO Arrangements approved from 01 January 2003, the Preferential Tariff Rate for Participating Countries shall be within the band as follows :

|                                     |   |      |
|-------------------------------------|---|------|
| a. Brunei Darussalam                | - | 0%   |
| b. The Kingdom of Cambodia          | - | 0%   |
| c. Republic of Indonesia            | - | 0%   |
| d. Lao People's Democratic Republic | - | 0%   |
| e. Malaysia                         | - | 0%   |
| f. Union of Myanmar                 | - | 0-5% |
| g. Republic of the Philippines      | - | 0-1% |
| h. Republic of Singapore            | - | 0%   |
| i. The Kingdom of Thailand          | - | 0-3% |
| j. Socialist Republic of Vietnam    | - | 0-5% |

Participating Countries upon mutual agreement may establish preferential tariff rate arrangements between or amongst Participating Countries within the applicable bands stated above of the respective Participating Countries."

(b) by inserting the following new Article 2(5) as follows:

"5. The ASEAN Member Countries referred to in Article 2(4) that are temporarily not ready to implement the Preferential Tariff Rate of 0%, shall work towards reducing the Preferential Tariff Rate to 0% for

AICO Arrangements by 1 January 2005, whereas the Socialist Republic of Vietnam shall do so by 1 January 2006."

### **ARTICLE 3**

Article 5 (Privileges) of the Agreement shall be amended by substituting Article 5(1)(a) with the following :

"a. approved AICO Products traded between Participating Companies shall enjoy the Preferential Tariff Rate stipulated in Article 1(6) and Article 2(4), where applicable. Where the stipulated Preferential Tariff Rate is within a band, the actual rate shall be determined by that Participating Country concerned. The Preferential Tariff Rate shall cease when the tariff rate of the product reaches the final CEPT rate;"

### **ARTICLE 4**

Article 7 (Application Procedures) of the Agreement shall be amended by substituting Article 7(2) with the following :

"2. ASEAN Member Countries shall, within 60 days of receipt of the application, inform the ASEAN Secretariat of :

- a. their decisions in participating in an AICO Arrangement; and,
- b. where applicable, the Preferential Tariff Rate to be applied as stipulated in Article 1(6) and Article 2(4).

ASEAN Member Countries, where applicable, which are unable to indicate a decision on the tariff rate within this period shall nevertheless indicate their decision on acceptance or otherwise, of the arrangement and the product as an AICO Product."

### **ARTICLE 5**

Article 12 (Repealing Provision) of the Agreement shall be amended by replacing the word "final" in the second sentence of Article 12(d) with "prevailing".

## **ARTICLE 6**

This Protocol shall enter into force on the date of deposit of the instruments of ratification or acceptance by all signatory governments with the Secretary-General of ASEAN.

This Protocol shall be deposited with the Secretary-General of ASEAN, who shall promptly furnish a certified copy thereof to each Member Country.

IN WITNESS THEREOF, the undersigned, being duly authorised thereto by their respective Governments, have signed the Protocol to Amend the Basic Agreement on the ASEAN Industrial Cooperation Scheme.

DONE at Singapore, this 21<sup>st</sup> day of April 2004 in a single copy in the English Language.